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The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

NIC 02350-86
9 May 1986

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: Graham E. Fuller
Vice Chairman, National Intelligence Council

SUBJECT: What if Iran Wins the War? Soviet and US Calculations

1. I believe the community should draw up an estimate on the implications of an Iranian victory in the Gulf war.

-- Our most recent estimate on the war stated that Iraq is probably going to lose the war unless it radically changes its war-fighting strategy. So far we see no persuasive reason to believe that Iraq is yet really changing this strategy.

2. Since 1982, the community has never really taken a concentrated look at the full implications of such an Iranian victory--despite several brief considerations of the problem in other estimates on the war.

-- An Iranian victory has always been viewed as an unmitigated disaster for the West. While there is no way that such a victory can ever be portrayed as "good news", the actual reality may still be something less than apocalyptic. [redacted] in NESA has done an imaginative typescript on this topic which makes an excellent start, but more work needs to be done.) 25X1

-- An assessment of the actual damage in concrete realistic terms can better help the policymaker determine what the real costs will be and how great a price he is willing to pay to prevent it from happening.

3. While there will be obvious downsides, the US, at the least, might develop an even more important security role in the Gulf, the Soviets would lose out in Iraq, and Iran still will not be in a position to pose a meaningful military threat to the Gulf states that could not be deterred. The question of subversion and religious extremism would still be very real indeed. Arabs will still never have Persians however.

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4. The USSR has to be studying this question and possibly reaching certain conclusions about how great a price they are willing to pay to stay with the loser--or with the winner. A cogent case can be made for why the Soviets might opt for a switch in relations in order to be with the winning side.

-- A major blow to Soviet prestige if Iraq--a long-time client state--goes down the tubes.

-- A major opportunity for the US to adopt the role of defender of the Gulf if Iraq collapses.

-- A chance to get a leg-up on relations with Iran while the US is still frozen out in Tehran.

-- Iran remains the Soviets' long-term major strategic target in the Middle East in any case.

-- We already see possible first hints of evidence that the Soviets are now considering opening an oil pipeline between Iran and the USSR. The Soviets have no money to pay for oil. If they get Iranian oil they probably would pay for it with arms. This marriage is a natural given the needs of both parties.

5. If the Soviets decide to go this route, they might well then have to decide to abandon Iraq to its fate--or at least to leave Iraq to lump it and try its luck with the West.

6. This would have to be a major Soviet strategic recalculation of its stakes in the Gulf. It would represent de facto abandonment of the "Arab strategy"--a policy of cultivating good relations with the moderate Arab Gulf states and swinging their power over to Iran as the long-range power in the Gulf.

-- There would be no guarantee at all that Iran would embrace Moscow in any case. But the Soviets would be far closer to major influence in Tehran than the US.

7. Our calculations are also that Iran is clearly going to emerge as the long-range power in the Gulf. Do the Soviets want to back a winner? What would the real cost--and gain--be for them in the region? Vis-a-vis Afghanistan? Turkey?

8. Questions to be addressed would include:

-- The impact on the oil market. Could Iran have greater voice in Persian Gulf production?

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-- Could Iran really control an Islamic Iraqi Republic? Or would the 3,000 year old Persian-Arab struggle go on. (Here's betting it would.)

-- Would Iran seize Kuwait?

-- Would Iran be able successfully to attack other Gulf states militarily? Probably not. Would it be able to topple moderate Sunni rulers? Questionable.

-- Would the Gulf move closer to the West or not?

-- What would the impact be on the Arab-Israeli issue?

9. An estimate on the implications of an Iranian victory would be highly speculative, but I believe it now needs revisiting--especially if we feel that this may be a likely course of events over the next year or so.

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